No.

In The

Supreme Court of the United States

October Term, 1993

HUNTER COUNTRY CLUB, INC.,

Petitioner,

vs.

BOURNE CO., HENRY MANCINI, d/b/a NORTHRIDGE MUSIC COMPANY, SBK ROBBINS CATALOG, INC., HARRISON MUSIC CORP. and COLGEMS - EMI MUSIC, INC.,

Respondents.

Petition for Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED FOR REVIEW

1. Whether the United States District Court for the Northern District of Illinois, Western Division erred in granting Respondent's Motion for Summary Judgment for infringement of copyrights and in ignoring Hunter's Affidavits which proved without any denial by Respondents facts of unconscionable delay by ASCAP and ASCAP's attorneys acting as Respondent's agent in answering questions from Hunter for information required to aid Hunter in avoiding infringement of ASCAP's repertoire of copyrights which questions had been invited by ASCAP's pamphlets sent by ASCAP to Hunter and relied upon by it.

2. Whether on motions to vacate or modify and for rehearing the Western Division of the Northern District of Illinois erred in holding that the same undenied facts were insufficient evidence of misuse of copyright.

3. Whether the Circuit Court of Appeals for the Seventh Circuit erred in affirming the decision of the district court in holding that Hunter's defense of estoppel to bring an action for infringement was negated because ASCAP had sufficiently warned it of the dangers of infringement in the correspondence between ASCAP's legal staff and the attorney for Hunter, even though ASCAP's acts during that correspondence had prevented Hunter from avoiding infringement by concealing from it tunes for which copyright protection had expired and those acts were contrary to ASCAP's promises on which Hunter relied and which ASCAP never revoked.

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OPINIONS BELOW

The relevant opinions and orders are reproduced in the Appendix beginning at page 1a.

STATEMENT OF JURISDICTION

This Court's jurisdiction is invoked pursuant to 28 U.S.C. § 1254 (1) which allows the Court to review cases in the courts of appeals by writ of certiorari granted upon petition of any party to any civil or criminal case, before or after rendition of judgment or decree. Furthermore, this Court had jurisdiction based on Rule 13.1 of the Rules of the Supreme Court of the United States.

This petition is filed within ninety (90) days of the United State Court of Appeals for the Seventh Circuit order denying petitioner's motion for rehearing and rehearing *en banc* dated May 20, 1993.

CONSTITUTIONAL PROVISIONS INVOLVED

Article I, Section 8, Clause 8. Patents and Copyrights

> The Congress shall have the power . . .
>
> To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries:

STATEMENT OF THE CASE

Hunter Country Club Inc., was detected infringing five copyrights in the course of a three hour dance on July 22, 1988. The American Society of Composers, Authors and Publishers, (ASCAP) was the licensing agent for the owners of the copyrights. Hunter Country Club had been bought at a bankruptcy sale by Bernard A. Heerey the principal of Hunter in early 1985 and began using music twice a week about six months later and determined from experimentation that its customers would come in profitable

numbers if the music was older, melodious and slow in tempo (Plaintiff's deposition of Heerey pp. 31-35). On November 20, 1985, ASCAP wrote Heerey stating that composers and lyricists needed to be paid for their copyrighted works, that ASCAP would grant Hunter a license to play any tunes in its vast repertoire for a fee and it enclosed two pamphlets, one titled "The ASCAP License: It Works for You," and another titled "ASCAP, The Facts." The first pamphlet stated, "A complete list of the many musical works written and published by ASCAP's members is maintained at our New York office . . . ASCAP's representatives can furnish information about works in our repertory, and if you wish to know whether particular compositions are in our repertory, simply write and we'll tell you. . . . We hope to be able to serve you" (Exhibit C, Affidavit of Kenneth Gilman, Manager of General Licensing for ASCAP, Rec. Doc. 23).

The second pamphlet states on its page one, "A user who performs only works not copyrighted, . . . or in a manner specifically exempt by law, or not in the ASCAP repertory, does not need the Society's license . . . (*Id.* Affidavit of Kenneth Gilman).

On January 31, 1986 ASCAP again wrote to Hunter enclosing an application for a license and urging Hunter to sign and return it, (*Id.* Exhibit C, Affidavit of Kenneth Gilman). A third letter dated October 6, 1986 was sent by ASCAP to Hunter containing a License Agreement and bill from ASCAP again urging its signature and return with a check (*Id.* Exhibit C, Affidavit of Kenneth Gilman).

Hunter ignored all three letters because it figured it would play only music old enough to be out of copyright and therefore, would not need a license to play the pieces under copyright, but took the last letter to its attorney, Nathaniel I. Grey, who, on November 4, 1986, wrote a letter to ASCAP's District Manager,

Ralph Laurino who had sent all the previous letters to Hunter asking Mr. Laurino to answer *inter alia* the following questions: (Affidavit of Nathaniel I. Grey, Exhibits 2 and 3, Rec. Doc. 30)

> Surely you have a mechanical procedure for indicating what copyright works your company is authorized to collect royalties for. Surely your company would not be attempting to impose fees on works for which you are not authorized to collect fees, whether or not such works were ever copyrighted, whether they were copyrighted and the copyrights have since expired, or whether indeed there is an existing copyright which had been licensed by someone else. Thus, if what is played in live performances were "oldies, but goodies," on what basis would my client be deemed to have any liability with respect to copyright infringement?
>
> P.S. I am also informed that you denied the request of our client to show our client a copy of the list of musical compositions for which you are authorized to grant licenses, suggesting that our client had to go to New York City to review such a list. It appears to be totally unreasonable for you not to make such a list available to our client, and at least to have such a list available . . . at your offices in (Des Plaines) Illinois.

Grey's questions were not answered by Laurino who wrote (*Id.* Exhibit 5) only that further questions be asked of Laurino or of ASCAP's attorneys, Keck, Mahin & Cate, in Chicago. Grey replied to Laurino on November 18, 1986 reiterating his prior

questions as to "oldies but goodies" and quoting from ASCAP's pamphlet "ASCAP's representatives can furnish information about the works in our repertory, . . ." "You're not suggesting, I hope, that you *can* furnish information but won't do so."

"In your booklet . . . 'The Facts' you have the following statement: 'A user who performs only works not copyrighted, or not performed in public, or in a manner specifically exempt by law, or not in the ASCAP repertory, does not need the Society's License . . .' " (*Id.* Exhibit 6).

On February 3, 1987, Keck, Mahin & Cate answered Grey's letter of November 4, and on page two of its letter stated:

> If you have a specific inquiry about a particular song or group of songs and wish to know whether or not they are contained in the ASCAP repertory, you can write to ASCAP's New York office and they will be *happy* to respond to your inquiry. It is not, however, ASCAP's responsibility to furnish would-be-infringers with a list of ASCAP's member's songs in advance of their infringement, and I believe you will find case law which specifically states that it is the infringer's responsibility to determine whether the songs he intends to play are protected under copyright. [Emphasis added]

This quote from ASCAP's attorneys indicates an amazing mix-up between a would-be infringer and what Hunter was, a would-be avoider of infringement. This lack of ability to make a distinction between one seeking to avoid infringing and an infringer negates the warnings in the rest of the letter and subsequent letters. Hunter's attorney continued to seek to reason with ASCAP's

attorneys and ASCAP's district manager in a logical fashion. (*Id.* Exhibit 8)

On July 7, 1987, Grey replies to the Keck, Mahin & Cate letter and states *inter alia*, ". . . we have no difficulty agreeing that our client's best interest would be served if this matter can be handled without litigation, but rather on an amicable basis. To the extent that both your client and my client do not intend to have my client infringe upon any copyright owner's rights protected under the U.S. Law, we have a mutuality of interest. . . ."

At paragraph 7, page 6 of the same letter, Grey states,

> . . . I note that nobody at ASCAP has informed me that ASCAP has available an "Index of Performed Works," which it . . . makes available from its New York office if somebody knows enough to ask, even though ASCAP appears to pretend that no such list can exist. . . . my client would like to purchase such an Index, the most current one published by ASCAP and if it's available at a reasonable cost, I am ordering it for purchase now by making this request.
>
> What is the source of information for knowing a composition is protected by copyright? Is the U. S. Register of Copyrights the only source? . . . Is it reasonable to put the burden the cost and effort of the user to write to the U. S. Register of Copyrights and pay the costs to find out this information? P.S. Although you responded to general terms in my letter dated November 4, 1986, . . . you did not respond to my separate letter dated November 18, 1986 wherein I isolated and crystallized some of the

> comments and questions I had in my November 4 letter. It may be more obvious to you that you ducked many of my earlier questions, if you will review my November 18, 1986, letter.

(*Id.* Exhibit 9).

On the same date, July 7, 1987, Grey writes to David Laurino and asks him to check the ASCAP records to let Grey know whether eleven melodies, therein listed, are under current copyright protection within the repertory of ASCAP, and if so, when that protection expires; if not, whether it was ever under the protection of ASCAP; and if it was ever under the protection of ASCAP, when that protection terminated (*Id.* Group Exhibit 10).

On the same date, Grey writes listing the same songs to the Copyright Office in Washington D.C. and says,

> I recognize that you would like additional information about these songs if I have it. I don't have additional information except for the overall comment that these are all very popular melodies that I believe to be in the public domain, and which melodies will be very familiar to most people. If you have a doubt about the name of the song maybe you will know the actual title rather than what my client believes to be the popular title.
>
> I recognize that you will need to make a search and will charge a fee of ten dollars per hour for the search. My client would be happy to pay those charges for any reasonable amount of money.

(*Id.* Group Exhibit 10).

On December 10, 1987, the Copyright Office replied to Grey's request for information by identifying six of the eleven tunes as having lost their copyright protection including one of them subsequently claimed by ASCAP as within its repertoire, "Alexander's Ragtime Band." The letter from the Copyright Office also acknowledged remittance of $60.00 applied in payment for the search and report. (*Id.* Exhibit 17).

On January 18, 1988, Grey writes the Copyright Office again and lists 23 songs for a basic search and encloses a $60.00 check with the statement that he will be happy to pay the differences in charges in connection with the search. (*Id.* Exhibit 20).

On March 10, 1988, Grey in response to a telephone message from the Copyright Office, sent them an additional sum of $100.00. (*Id.* Exhibit 22).

On March 14, 1988, ASCAP's office of general counsel in New York wrote Grey and replied to his letter of July 7, 1987 and *inter alia* states on page three,

> In your letter you state that ASCAP is "stone-walling" and suggest ASCAP's representatives are being unreasonable in offering your client a License Agreement. Just so it is clear, neither ASCAP nor its members are required by the Copyright Law to contact music users and offer a license agreement. Rather, the legal responsibility falls on the music user to obtain permission to perform publicly copyrighted music. . . .

This is precisely what Hunter is trying to do with ASCAP but ASCAP seems to miss the point. Then, on page 4 of ASCAP's attorney's letters they state, "Your client may, as you suggest, come

to ASCAP's New York office and review the most current list of compositions in the repertory. Also, in this regard, enclosed is a copy of your July 7, 1987 letter to David Laurino asking whether certain songs are in the repertory. Those songs marked with an 'X' are in the ASCAP repertory". Thus, once again ASCAP fails to understand the content of Grey's questions since Grey did not "suggest" that his client would come to New York to look at ASCAP's list, but finally again on page four of its letter, ASCAP's attorneys state,

> . . . as to your request for ASCAP's "Index of Performed Compositions," the Index is a compilation of compositions found by ASCAP to be performed as a result of our survey of performances by television and radio broadcasters, and background music services during the periods through September 1980. The cost of the Index and most current supplement is $40.00. Upon receipt of a check for $40.00 we shall furnish the Index to you.

(*Id.* Exhibit 23).

Attached to the letter is the list of July 7 with Alexander's Ragtime Band marked as being in ASCAP's repertory, but indicated by the Copyright Office as being in the public domain.

On June 29, 1988, the Copyright Office typed up and sent to Grey on or after July 6, 1988 it replies to his request of January 18, 1988 to search a list of 23 compositions (*Id.* Group Exhibit 26).

On July 13, 1988 ASCAP's attorneys sent to Grey a copy of the "Index of Performed Compositions" and supplement thereto paid for by Hunter on March 16, 1988 and repeats the rather hollow statement at this point, "as you know, if you wish to be advised as to

whether specific works are in the ASCAP repertory you should request that information and ASCAP will respond. . . ." (*Id.* Exhibit 27). This is an offer which seems almost ridiculous in the sense that it took ASCAP eight months and a week to send Hunter the answer to its first questions, which answer was willfully incomplete, and in one sense false claiming one piece was in the public domain, and this lapse was followed by a lapse of approximately eight months to send Hunter the requested copy of the "ASCAP Index of Performed Compositions" which turned out not to have the copyright registration dates which one would have expected it to have in considering paragraph XIV of the Amended Consent Judgment entered in the Southern District of New York on March 14, 1950.

One may infer with reasonable certainty that ASCAP's attorneys having thus realized themselves the hypocrisy of the position which they had been taking within nine days employed spotters and rushed them to Hunter Country Club to detect on July 22, 1988 five pieces which were in its repertory during a dance lasting approximately three hours.

Suit for infringement followed. Jurisdiction of the district court was based on Title 28 U.S.C. § 1338(a).

Hunter filed an answer alleging violation of the Sherman Anti-Trust Act and filed an Amended Pleading further alleging abuse (or misuse) of copyright by ASCAP, the licensing agent of the Respondents. On Respondent's Motion for Summary Judgment supported by the Affidavit of ASCAP's Manager of General Licensing, Kenneth Gilman, made the two following additional statements under oath which buttressed the defense of Hunter, to wit: "there is no listing of all songs in the ASCAP repertory . . ." (Rec. Doc. 23, page 10, Gilman Affidavit) and that what ASCAP does have is comprised principally of index cards listing specific titles, writer and publisher information, and other data, all

furnished by its members over eight decades." This material in so far as it is on index cards is boxed in library-type boxes and is an impractical sort of collection to inspect for that reason (page 11-12 *Id.*) and on page 14 of Gilman's Affidavit he admits that ASCAP understood that what Mr. Grey described as oldies but goodies were songs in the public domain. (*Id.* page 14). However, the Index contains the names of composers and songs but does not contain the registration date of the compositions which could have been included on the same wide pages of the ASCAP Index without appreciable addition of costs (For examples of pages see Rec. Doc. 23, Ex. D, Gilman's Affidavit).

Thereafter on Respondent's Motion to Strike and Dismiss Petitioner's Affirmative Defenses and Answers and for Summary Judgment the district court granted that motion refusing to pass on the Sherman Anti-Trust Defense stating that it must be brought in the Southern District of New York because of a reservation of jurisdiction in the Amended Consent Judgement (Rec. Docs. 59 & 60). Hunter has filed its anti-trust action in New York which is pending waiting for the decision in this case.

The district court's opinion did not take any notice of the list of misdeeds of ASCAP as agent for Respondents other than the eight month and one week delay in answering Hunter's letter and in that situation stating that it would not allow ASCAP to flaunt the Amended Consent Judgment, reduced the amount of damages requested by Respondents from $1500.00 per violation to $600.00 per violation and ignored the remaining acts of ASCAP without mention (Rec. Docs. 59 & 60) and denied Hunter's Motion to Vacate or Amend the Judgement (Rec. Doc. 78), and its Motion to Rehear and Reconsider the matter holding in respect to the latter motion that Hunter had produced insufficient evidence of misuse of copyright (Rec. Doc. 87). If further awarded ASCAP's attorneys $18,415.85 in fees and costs (Rec. Doc. 114).

On appeal to the Circuit Court of Appeals for the Seventh Circuit, that court affirmed the judgments of the district court on the theory that Respondents and ASCAP's attorneys in their correspondence with Nathaniel I. Grey had sufficiently warned Hunter of the dangers of infringement so that its position that the Respondents were estopped by reason of their dirty hands incurred for them by ASCAP's actions was not supported by a reasonable reliance thereon and awarded no further costs.

This Petition for Writ of Certiorari is timely filed.

REASONS FOR GRANTING THE WRIT

1. The district court went far outside established practice in granting Respondent's Motion for Summary Judgment by disregarding Petitioner's substantial proof of the acts of the Respondents' agent, which together with all reasonable inferences to be drawn there from, clearly showed that the Respondents were estopped from bringing an action for infringement because of the acts of ASCAP, the Respondents' agent.

2. The decision of the Circuit Court of Appeals for the Seventh Circuit that the correspondence between ASCAP and Hunter's counsel indicates that ASCAP did nothing that would cause Hunter to reasonably rely to its detriment, and that on the contrary, there were several indications and warnings that any performance of copyrighted works would be considered infringements so that without any basis for reasonable reliance estoppel was held by the Seventh Circuit as inapplicable. But this holding ignores the clear evidence in the correspondence that ASCAP's attorneys were dodging answering any questions which Hunter's counsel put to them as to the content of its repertoire and that during this period ASCAP was not answering the questions that Hunter's counsel put to it and that Hunter and its attorney were reasonably relying on the promises in the printed pamphlets of

ASCAP wherein ASCAP promised to give information. The correspondence shows that ASCAP dodged and never answered the questions, but never withdrew the promises, and in fact it reinforced them when ASCAP's attorneys wrote to Hunter's attorney that if he needed information he should write to the New York office of ASCAP which would be happy to supply that information, (Letter from Keck, Mahin & Cate to Grey dated February 3, 1987, Exhibit 8 of Grey's Affidavit Rec. Doc. 30). Inferences could reasonably be drawn there from that ASCAP plotted to entrap Hunter if Hunter did not buy a license, even though Hunter wanted to use only music in the public domain for which Hunter would not need a license and was kept from identifying that needed music by ASCAP side-stepping the questions asked of it by Hunter's attorneys.

3. There is great need for the Supreme Court to issue an opinion clarifying the right to plead the misuse of copyright by extending the copyright beyond its limitation to control items on which the copyright has expired by means of concealing their being in the public domain as an independent defense to an infringement action even though the Petitioner making the plea of misuse as an estoppel against the Respondents has in fact violated their valid copyrights. A decision of the Supreme Court on this subject would parallel the Supreme Court's decision in *Morton Salt Co. v. G.S. Suppiger Co.*, 314 U.S. 488 (1942), which upheld the misuse of patent defense where the Defendant had violated the patent of the Plaintiff and would also parallel the holding of *Mercoid Corp. v. Mid-Continent Investment Co.*, 320 U.S. 661, 666 (1944). The *Mercoid Corp.* case stated,

> The necessity or convenience of the patentee does not justify any use of a monopoly of a patent to create another monopoly. The fact that the patentee has the power to refuse a license does not enable him to enlarge the

> monopoly of the patent by the expedient of attaching conditions to its use. The method by which the monopoly is sought to be extended is immaterial. The patent is a privilege which is conditioned by a public purpose. It results from invention and limited to the invention in which it defines.

Here the copyright sub-licensor, ASCAP, extended the copyright which was valid on the pieces in its repertoire on which the copyright had not expired to the pieces listed in its repertoire on which the copyright had expired thereby lengthening the expired terms of music which had fallen into the public domain by failing to honor its promise to supply information as to the content of its repertoire and by stalling and delaying while not denying that it would grant its promise and thereby had entrapped Hunter into violating valid copyrights while Hunter was trying to stay in business and to get answers to its questions to enable it to use only pieces in which the copyright had expired.

Presently, the district courts in particular and the courts of appeals are split and confused in separating the misuse of copyright defense as a valid defense from the same defense when used as an aid as part of an anti-trust defense where the defense tends to be rejected because it is the defense of a pirate and is opposed to the right of the composer, but it is not considered as it should be as an independent defense involving the right of the public to enjoy pieces which have fallen into the public domain by the lapse of their limited term copyright monopoly for use by the public as against the composer and so should be upheld as a defense, although made by an infringer, to protect the public domain.

Hunter Country Club has never denied it committed infringement as alleged by the Respondents. The Respondents

have never denied the acts of their agent, ASCAP. ASCAP has never denied that it is agent of the Respondents. The district court and the circuit court have given insufficient weight to the facts undenied and proved by the Petitioner which prove that the Respondents hands were dirtied by the actions of its agent. In so far as the Petitioners research is concerned there have been no similar case which have ever been heard in any of the courts of the United States. It is respectfully submitted that these facts need to be reexamined by the Supreme Court of the United States for a definitive ruling on the validity of the misuse of copyright defense standing alone as an estoppel to the right to file a copyright infringement action.

CONCLUSION

The Petitioner respectfully requests that this Court grant the petition for writ of certiorari to review the judgment of the Circuit Court of Appeals for the Seventh Circuit and of the Northern District of Illinois, Western Division and to hold that the Respondents were estopped from bringing action for infringement of their copyrights by reason of the acts of their licensing agent ASCAP and that this Court set aside the judgment for infringement and for attorney's fees and costs.

Respectfully Submitted,

EDWARD G. LEVINSON
Attorney for the Petitioner

APPENDIX A — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT DATED MAY 20, 1993

United States Court of Appeals
For the Seventh Circuit
Chicago, Illinois 60604

May 20, 1993

Before

Hon. JOHN L. COFFEY, Circuit Judge
Hon. ILANA DIAMOND ROVNER, Circuit Judge
Hon. Jesse E. Eschbach, Senior Circuit Judge

Nos. 91-1611 and 91-2882

BOURNE COMPANY, HENRY MANCINI, d/b/a NORTHRIDGE MUSIC COMPANY, SBK ROBBINS CATALOG, INCORPORATED, et al.,

Plaintiffs-Appellees,

v.

HUNTER COUNTRY CLUB, INC.,

Defendant-Appellant.

Appeal from the United States District Court for the Northern District of Illinois, Western Division.

No. 89 C 20037

Stanley J. Roszkowski, Judge.

Appendix A

ORDER

Appellant's suggestion for rehearing en banc considered as both a petition for rehearing and a suggestion for rehearing en banc is now denied. No judge in active service requested a vote on the suggestion for rehearing en banc and all of the judges on the original panel voted to deny.

APPENDIX B — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT DATED APRIL 6, 1993

In the

United States Court of Appeals

For the Seventh Circuit

Nos. 91-1611 and 91-2882

BOURNE COMPANY, HENRY MANCINI, d/b/a NORTHRIDGE MUSIC COMPANY, SBK ROBBINS CATALOG, INCORPORATED, et al.,

Plaintiffs-Appellees,

v.

HUNTER COUNTRY CLUB, INC.,

Defendant-Appellant.

Appeal from the United States District Court
for the Northern District of Illinois, Western Division.
No. 89 C 20037—**Stanley J. Roszkowski,** *Judge.*

ARGUED FEBRUARY 18, 1993—DECIDED APRIL 6, 1993

Before COFFEY and ROVNER, *Circuit Judges*, and ESCHBACH, *Senior Circuit Judge.*

ESCHBACH, *Senior Circuit Judge.* Hunter Country Club, Inc. (Hunter) is appealing the district court's grant of summary judgment in favor of the plaintiffs in this copyright infringement lawsuit. The plaintiffs are the individual owners of the copyrights at issue in this case[1] and brought

[1] Hunter infringed the copyrights of the following songs: "All of Me," "Mr. Lucky," "Somebody Stole My Gal," "Don't Get Around Much Anymore," and "I Left My Heart in San Francisco."

this lawsuit in that capacity. As members of the American Society of Composers, Authors and Publishers (ASCAP), the plaintiffs have granted to ASCAP a non-exclusive right to license non-dramatic public performances of certain copyrighted musical compositions. Hunter does not dispute that plaintiffs have made a prima facie case of copyright infringement. Hunter, however, contends that the plaintiffs are estopped from claiming infringement because ASCAP allegedly violated a consent decree issued by the Southern District of New York in *United States v. American Society of Composers, Authors and Publishers*, 185 Trade Reg. Rep. (CCH) ¶ 62.595 (S.D.N.Y. March 14, 1950). The district court refused to address the estoppel argument or to add ASCAP as a party in the instant case. After it concluded that any dispute between Hunter and ASCAP over the terms of the consent decree should be brought as a separate suit in the Southern District of New York, the district court struck Hunter's affirmative defenses and counterclaim. After entry of summary judgment in favor of the plaintiffs, the district court awarded statutory damages of $3,000 and costs including attorney's fees of $18,415.85. Hunter appeals both the grant of summary judgment and the award of costs and attorneys' fees. We have jurisdiction pursuant to 28 U.S.C. § 1291.

I.

An orchestra employed by Hunter played music for a dance held in its dining room. The dance was open to all members of the public who paid admission. From a list of songs compiled by two ASCAP "spotters" who attended the dance, ASCAP determined that five performances infringed copyrights licensed to it. Hunter does not dispute that it played these songs or that these songs were copyrighted by the plaintiffs.

The plaintiffs moved for summary judgment, and Hunter did not dispute any of plaintiffs' allegations. Instead, Hunter alleged that ASCAP misused the copyrights and violated the terms of a 1950 consent decree mandated in

Appendix B

United States v. American Society of Composers, Authors and Publishers, 185 Trade Reg. Rep. (CCH) ¶ 62.595 (S.D.N.Y. March 14, 1950). Specifically, Hunter alleged that ASCAP failed to use their best efforts to negotiate a reasonable fee for a license with Hunter in violation of ¶ VIII of the Amended Consent Decree.[2] Hunter also alleged that ASCAP failed to prepare and maintain a list of all compositions in ASCAP's repertoire and to make the list available for inspection in derogation of ¶ XIV of the Consent Decree.[3] Therefore, Hunter filed a motion to join ASCAP as a party pursuant to Federal Rule of Civil Procedure 19(a).

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[2] Paragraph VIII of the 1950 Amended Consent Decree states as follows:

> Defendant ASCAP, in fixing its fees for the licensing of compositions in the ASCAP repertory, is hereby ordered and directed to use its best efforts to avoid any discrimination among the respective fees fixed for the various types of licenses which would deprive the licensees of a genuine choice from among such various types of licenses.

United States v. The American Society of Composers, Authors and Publishers, 185 Trade Reg. Rep. (CCH) ¶ 62.595 (S.D.N.Y. March 14, 1950).

[3] Paragraph XIV of the Amended Consent Decree provides

> Immediately following entry of this Judgment, defendant ASCAP shall upon written request from any prospective user inform such user whether any compositions specified in such request are in the ASCAP repertory, and make available for public inspection such information as to the ASCAP repertory as it has. Defendant ASCAP is furthermore ordered and directed to prepare within two years, and to maintain and keep current and make available for inspection during regular office hours, a list of all musical compositions in the ASCAP repertory, which list will show the title, date of copyright and the author, composer and current publisher of each composition.

United States v. The American Society of Composers, Authors and Publishers, 185 Trade Reg. Rep. (CCH) ¶ 62.595 (S.D.N.Y. March 14, 1950).

The district court refused to add ASCAP as a party to the litigation.[4] With regard to the affirmative defenses, the district court noted that ¶ IX of the Amended Consent Decree specifically provided that any disagreements as to the reasonableness of a license fee should be resolved in the Southern District of New York.[5] The district court concluded that this provision in the Amended Consent Decree was Hunter's exclusive remedy for disputes over licensing fees. Likewise, the district court also determined that, in the interest of comity, the Southern District of New York was the proper forum for interpretation of ¶ XIV of the Amended Consent Decree regarding maintenance of the list.

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[4] The district court's decision is reported in *Bourne Co. v. Hunter Country Club*, 772 F. Supp. 1044 (N.D. Ill. 1990).

[5] Paragraph IX of the Amended Consent Decree states:

> (A) Defendant ASCAP shall, upon receipt of a written application for a license for the right of public performance of any, some or all of the compositions in the ASCAP repertory, advise the applicant in writing of the fee which it deems reasonable for the license requested. If the parties are unable to agree upon a reasonable fee within sixty (60) days from the date when such application is received by ASCAP, the applicant therefor may forthwith apply to this Court for the determination of a reasonable fee and ASCAP shall, upon receipt of notice of the filing of such an application, promptly give notice thereof to the Attorney General. In any such proceeding the burden of proof shall be on ASCAP to establish the reasonableness of the fee requested by it. Pending the completion of any such negotiations or proceedings, the applicant shall have the right to use any, some or all of the compositions in the ASCAP repertory to which its application pertains, without payment of any fee or other compensation, but subject to the provisions of Subsection (B) hereof, and to the final order or judgment entered by this Court in such proceeding.

United States v. The American Society of Composers, Authors and Publishers, No. 13-95 (S.D.N.Y. March 14, 1950) reported in 185 Trade Reg.Rep. (CCH) ¶ 62.595 (S.D.N.Y. March 14, 1950).

Hunter has filed a separate suit in the Southern District of New York. The purpose of that suit presumably is to resolve those issues that the district court refused to consider. In this appeal, Hunter still does not dispute copyright infringement. Hunter argues instead that the district court erred in striking its affirmative defenses and counterclaim. Hunter also argues that the district court erred in awarding attorney's fees.

II.

A. Joinder of ASCAP

This circuit has no clearly established standard of review for joinder under Federal Rule of Civil Procedure 19(a). *Perrian v. O'Grady*, 958 F.2d 192, 196 (7th Cir. 1992) (arguments for both a *de novo* standard and an abuse of discretion standard). However, it is not necessary for us to decide that issue here, since Hunter has not established under either standard that complete relief could not be accorded without the joinder of ASCAP.[6]

The term "complete relief" in Federal Rule of Civil Procedure 19 refers only "to relief between the persons already parties and not as between a party and the absent person whose joinder is sought." *Perrian*, 958 F.2d at 196 (internal quotations and citations omitted). "A copyright infringement action may only be brought by the 'legal or beneficial owner' of a copyright, and joinder or intervention is limited to persons 'having or claiming an interest in the copyright.' 17 U.S.C. § 501(b)." *Hulex Music v. Santy*, 698 F. Supp. 1024, 1029 (D.N.H. 1988). A licensing agent is neither the legal nor the beneficial owner of the copyright and has no interest in the copyright. Therefore, the district court properly denied Hunter's request

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[6] For a discussion of ASCAP's purpose and history, *see International Korwin Corp. v. Kowalczyk*, 855 F.2d 375, 376 n.1 (7th Cir. 1988).

to join ASCAP as a party in this copyright infringement suit.[7]

B. Estoppel

Hunter argues that plaintiffs should be estopped from asserting infringement because ASCAP's actions constituted misuse. However, estoppel applies only if the copyright owner is aware of the infringing conduct yet acts in a way that induces the infringer reasonably to rely upon such action to his detriment. *Chi-Boy Music v. Charlie Club, Inc.*, 930 F.2d 1224, 1228 (7th Cir. 1991). The copyright owners in this action have done nothing to mislead Hunter. In fact, they had no contact with Hunter until this suit. Hunter's allegation is that ASCAP caused Hunter to rely to its detriment. However, as we noted above, ASCAP is not a proper party to this suit. Even if ASCAP had acted as the plaintiffs' agent, however, we would find no estoppel. Our review of the correspondence between ASCAP and Hunter's counsel indicates that ASCAP did nothing that would cause Hunter to reasonably rely to its detriment. To the contrary, we find several indications and warnings that any performance of copyrighted works would be considered infringement. Thus, without any basis for reasonable reliance, estoppel is inapplicable here.

C. Amended Consent Decree

We also agree with the district court that as a matter of comity the Amended Consent Decree should be interpreted in the Southern District of New York. With regard to the licensing fee, ¶ VIII of the Amended Consent De-

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[7] *See also Widenski v. Shapiro, Bernstein & Co.*, 147 F.2d 909, 910 (1st Cir. 1945); *Ocasek v. Hegglund*, 673 F. Supp. 1084, 1087 (D. Wyo. 1987) (ASCAP was licensee and could not maintain a suit for infringement alone, hence there is no necessity to join ASCAP); *Cass County Music Co. v. Racquet Club, Inc.*, No. C 86-4228, 1987 WL 8593 (N.D. Iowa Feb. 25, 1987) (ASCAP has only non-exclusive rights and is therefore not the real party in interest).

cree explicitly provides that ASCAP will use its best efforts to determine reasonable fees. Paragraph IX provides that when an applicant for a license disagrees as to the reasonableness of a license fee, the applicant must petition the Southern District of New York for a determination of the reasonableness of the fee. That paragraph clearly states that this was meant to be the exclusive remedy for fee resolution.

With regard to the district court's refusal to decide whether ASCAP has complied with ¶ XIV of the Amended Consent Decree (ordering ASCAP to maintain a list of all compositions in its repertoire), we find no error in its decision that the Southern District of New York is the proper forum for resolution of this issue.[8] Although the district court did not specifically rule on ASCAP's duty to furnish a list, the plaintiffs urge us on appeal to decide, as other courts have done, that ASCAP has no duty to furnish a complete list of its repertoire because this would be an impractical burden. *See Famous Music v. Bay State Harness Horse Racing & Breeding Assoc.*, 554 F.2d 1213, 1215 (1st Cir. 1977); *Hulex Music v. Santy*, 698 F. Supp. 1024, 1029 n.4 (D.N.H. 1988); *Billy Steinberg Music v. Cagney's Pub, Inc.*, 9 U.S.P.Q.2d (BNA) 1749 (N.D. Ill. 1988). We decline to make this determination. Neither we nor the district court for the Northern District of Illinois are in a position to determine what the Southern District of New York meant when it ordered ASCAP to maintain a list of its repertoire. A list on index cards in New York might be adequate. However, the Southern District of New York might have intended that ASCAP keep a sophisticated list that is more easily accessible. In any case, we find no error in the district court's decision not to inter-

[8] *See Dolfi Music, Inc. v. Forest Inn, Inc.*, 59 F.R.D. 5, 178 U.S.P.Q. 355 (E.D. Wis. 1973) (district court refused to interpret Amended Consent Decree). *But see Tempo Music, Inc. v. Myers*, 407 F.2d 503, 509 (4th Cir. 1969) (district court interpreted Amended Consent Decree and held that ASCAP had a duty to advise potential licensees of its editing service).

pret that portion of the Amended Consent Decree that refers to maintenance of a list. The district court properly struck Hunter's affirmative defenses and counterclaim.

D. Summary Judgment and Attorney's Fees

Having determined that the district court did not err in refusing to join ASCAP nor in striking Hunter's affirmative defenses and counterclaim, we must resolve whether the grant of summary judgment in favor of the plaintiffs was proper. We review *de novo* the district court's grant of summary judgment. We will affirm only if there is no genuine issue of material fact and the plaintiffs are entitled to judgment as a matter of law. *Bank Leumi Le-Israel, B.M. v. Lee*, 928 F.2d 232, 234 (7th Cir. 1991).

Hunter does not dispute any of plaintiffs' allegations regarding infringement of the valid copyrights. In its Local Rule 12(m) Statement in opposition to plaintiffs' motion for summary judgment, Hunter states, "[t]he facts relied upon by Plaintiffs are immaterial because Plaintiffs and ASCAP are estopped from asserting them by the facts alleged in this paragraph 2." (R.43-3). Local Rule 12(m) provides in part that "[a]ll material facts set forth in the statement required of the moving party will be deemed admitted unless controverted by the statement of the opposing party." Because Hunter failed to deny plaintiffs' facts setting forth a prima facie case of infringement, none of the five elements of infringement are in dispute.[9] Indeed, on appeal, Hunter does not challenge the conclusion that it infringed plaintiffs' valid copyrights. Thus, summary judgment in favor of the plaintiffs was appropriate.

[9] To establish a prima facie case of infringement, the plaintiffs must prove: (1) the originality and authorship of the works involved; (2) compliance with the formalities of federal copyright law; (3) rightful proprietorship of the copyrights at issue; (4) that the copyrighted works were performed publicly for profit; and (5) a lack of authorization by the owner or the owner's representative for the alleged infringer to publicly perform the works. *Hulex Music v. Santy*, 698 F. Supp. 1024 (D.N.H. 1988).

The only issue left for us to resolve is whether the district court abused its discretion in awarding attorney's fees and costs. Pursuant to 17 U.S.C. § 505, a district court may as an exercise of its statutory discretion award attorney's fees and costs to the prevailing party in a copyright infringement suit. Such an award will be reversed only upon an abuse of discretion. *See Chi-Boy Music v. Charlie Club, Inc.*, 930 F.2d 1224, 1230 (7th Cir. 1991). After examination of the record, we conclude that the district court soundly exercised its discretion, and the award of attorney's fees was appropriate.

III.

For the foregoing reasons, the judgment of the district court is affirmed in all respects. Each party is to bear its own costs on appeal.[10]

A true Copy:

Teste:

Clerk of the United States Court of Appeals for the Seventh Circuit

[10] Plaintiffs have requested that we determine an additional amount for attorney's fees incurred in conjunction with this appeal. As we have mentioned above, the award of attorney's fees to a prevailing party in a copyright infringement suit is within the court's statutory discretion. *See Taylor v. Meirick*, 712 F.2d 1112, 1122 (7th Cir. 1983). Section 505 of Title 17 provides that courts *may* award a reasonable attorney's fee to the prevailing party. It follows that an award of attorney's fees to a prevailing party on appeal is also discretionary. We decline to exercise our discretion in plaintiffs' favor on this issue, and we award no attorney's fees for this appeal.

Appendix B

UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT
Chicago, Illinois 60604

JUDGMENT — WITH ORAL ARGUMENT

Date: April 6, 1993

BEFORE: Honorable John L. Coffey, Circuit Judge
Honorable Ilana Diamond Rovner, Circuit Judge
Honorable Jesse E. Eschbach, Senior Circuit Judge

Nos. 91-1611 and 91-2882

BOURNE COMPANY, HENRY MANCINI, doing business as NORTHRIDGE MUSIC COMPANY, SBK ROBBINS CATALOG, INCORPORATED, et al.,

Plaintiffs-Appellees

v.

HUNTER COUNTRY CLUB, INCORORATED

Defendant-Appellant

Appeals from the United States District Court for the
Northern Disrict of Illinois, Western Division
No. 89 C 20037, Stanley J. Roszkowski, Senior Judge

This cause was heard on the record from the above mentioned District Court, and was argued by counsel.

On consideration whereof, IT IS ORDERED AND ADJUDGED by this court that the judgment of the District Court is

Appendix B

AFFIRMED; each party is to bear its own costs on appeal, in accordance with the decision of this court entered this date.

APPENDIX C — ORDER OF THE UNITED STATES DISTRICT COURT, NORTHERN DISTRICT OF ILLINOIS DATED JULY 10, 1991

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS

H. Stuart Cunningham
CLERK

Office of the Clerk

Edward G. Levinson
Attorney at Law
11 South LaSalle Street
Suite 1100
Chicago, IL 60603

Case Number: 3:89-cv-20037

Title: Bourne Co v. Hunter Country Club

Assigned Judge: Honorable Stanley J. Roszkowski

MINUTE ORDER of 7/10/91 before Honorable Stanley J. Roszkowski: The court orders Defendant, Hunter Country Club, Inc. to apy to Plaintiff, Bourne Co. et al, a total of $18,415.85 for attorney's fees and costs incurred as a result of this lawsuit. (See reverse side of minute order) notices mailed Notice mailed

This order was entered on the docket by the Clerk July 16, 1991

ATTENTION: This notice is being sent pursuant to Rule 77(d) of the Federal Rules of Civil Procedure. It was generated by the automated docketing system being introduced to handle the civil dockets of

Appendix C

this District. If a minute order or other document is enclosed, please refer to it for additional information.

Appendix C

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
WESTERN DISTRICT

Minute Order Form

Name of Assigned Judge or Magistrate: Stanley J. Roszkowski

Case Number: 89 C 20037

Date: July 10, 1991

Case Title: Bourne v. Hunter

DOCKETED: JUL 16 1991

ORDER

Pursuant to its Memorandum Opinion and Order dated July 17, 1990, the court awards Plaintiff reasonable attorney's fees and costs, in accordance with 17 U.S.C. § 505 (1988). The amounts of fees and costs the court awards to Plaintiff, and against Defendant, are as follows:

FEES FOR:

Attorney Richard H. Reimer: 53.5 hrs. at $125/hr. = $6,687.50

Attorney Dennis C. Waldon: 2 Hrs. at $125/hr. - $250.00

Attorney Michael J. Allen: 83.95 hrs. at $110/hr. = $9,234.50

Appendix C

Legal Assistants McEniff and Dean: 47.82 hrs. at $30/hr. - $1,434.60

TOTAL FEES AWARDED = $17,606.60

COSTS FOR:

Fees of the clerk – $120.00

Fees for service of summons and complaint = $87.00

Fees for exemplification and copies of papers = $291.15

Deposition costs = $203.60

Lexis costs – $107.50

TOTAL COSTS AWARDED = $809.25

TOTAL FEES AND COSTS AWARDED = $18,415.85

The court orders Defendant, Hunter Country Club, Inc., to pay to Plaintiff, Bourne Co. et al, a total of $18,415.85 for attorney's fees and costs incurred as a result of this lawsuit.

s/ Stanley J. Rozkowski, J.

APPENDIX D — ORDER OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS DATED FEBRUARY 28, 1991

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS

H. Stuart Cunningham
CLERK

Office of the Clerk

Case Number: 3:89-cv-20037

Title: Bourne Co v. Hunter Country Club

Assigned Judge: Honorable Stanley J. Roszkowski

MINUTE ORDER of 2/28/91 before Honorable Stanley J. Roszkowski: The court finds that defendant has not presented sufficient evidence of plaintiffs' alleged "misuse of copyright". Therefore, the case defendant cites in its supplemental briefs, Lasercomb America, Inc. vs. Reynolds, 911 F.2d (4th Cir. 1990) does not alter this court's earlier rulings. Accordingly, this court's order of 2/12/91 shall stand as entered. Notice mailed

This order was entered on the docket by the Clerk March 4, 1991

ATTENTION: This notice is being sent pursuant to Rule 77(d) of the Federal Rules of Civil Procedure. It was generated by the automated docketing system being introduced to handle the civil dockets of this District. If a minute order or other document is enclosed, please refer to it for additional information.

Appendix D

UNITED STATES DISTRICT COURT,
NORTHERN DISTRICT OF ILLINOIS,
WESTERN DIVISION

Minute Order Form

Name of Assigned Judge or Magistrate: Stanley J. Roszkowski

Case Number: 89 C 20037

Date: 2/28/91

Case Title: Bourne v. Hunter

DOCKET ENTRY:

The court finds that Defendant has not presented sufficient evidence of Plaintiffs' alleged "misuse of copyright". Therefore, the case Defendant cites in its supplemental briefs, *Lasercomb America, Inc. v. Reynolds*, 911 F.2d 970 (4th Cir. 1990) does not alter this court's earlier rulings. Accordingly, this court's Order of 2/12/91 shall stand as entered.

s/ Stanley J. Roszkowski, J.

DOCKETED: MAR 04 1991

APPENDIX E — ORDER OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS, WESTERN DIVISION DATED FEBRUARY 12, 1991

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
WESTERN DIVISION

[stamped]
DOCKETED
FEB 13 1991

Case No. 89 C 20037

BOURNE CO., HENRY MANCINI, D/B/A NORTHRIDGE MUSIC COMPANY, SBK ROBBINS CATALOG, INC., HARRISON MUSIC CORP. and COLGEMS-EMI MUSIC INC.,

Plaintiffs,

v.

HUNTER COUNTRY CLUB, INC.,

Defendant.

ORDER

Before the court are 1) Plaintiffs' motion to amend this court's judgment of July 17, 1990, and 2) Defendant's motion to vacate this court's judgment and to transfer. For the reasons set forth herein, the court denies Plaintiffs' motion and denies Defendant's motion.

Appendix E

BACKGROUND

On February 13, 1989, Plaintiffs Bourne Co., Henry Mancini, D/B/A/ Northridge Music Co., SBK Robbins Catalog, Inc., Harrison Music Corp., and Colgems-EMI Music, Inc. filed suit in this court against Defendant Hunter Country Club, Inc. Plaintiffs alleged in their complaint that Defendant violated federal copyright law, 17 U.S.C. §§ 502(a), 504(c)(1), 505 (1988). Because this cause of action arises out of federal copyright law, this court has original jurisdiction over the matter pursuant to 28 U.S.C. § 1338 (1988).

Plaintiffs are members of the American Society of Composers, Authors and Publishers (hereinafter "ASCAP") who have granted to ASCAP the non-exclusive right to license non-dramatic public performances of certain copyrighted musical compositions. Defendant is a country club with a dining room open to the public. Defendant presents live entertainment in its dining room on Friday nights and Sundays. Since November 1985, ASCAP representatives have repeatedly offered Defendant an ASCAP license, and Defendant declined all offers.

DISCUSSION

Motion to Amend Judgment

Rule 59(e) of the Federal Rules of Civil Procedure provides that a party may move to alter or amend a judgment within ten days after the entry of the judgment. Fed. R. Civ. P. 59(e). The Copyright Act gives this court authority to issue a permanent injunction, which is the relief Plaintiffs seek: "Any court having jurisdiction of a civil action arising under this title may, subject to the provisions of section 1498 of title 28, grant temporary and final injunctions on

such terms as it may deem reasonable to prevent or restrain infringement of a copyright." 17 U.S.C. § 502(a) (1988).

The Copyright Act does not explicitly require that a court make certain findings before it issues an injunction. However, several courts have limited injunctive relief to cases where a substantial threat of continued copyright infringement exists. *See. e.g., Fermata Int'l Melodies, Inc. v. Champions Golf Club, Inc.*, 712 F. Supp. 1257, 1262 (S.D. Tex 1989); *Rilting Music Inc. v. Speakeasy Enters, Inc.*, 706 F. Supp. 550, 557 (S.D. Ohio 1988); *International Korwin Corp. v. Kowalczyk*, 665 F. Supp. 652, 658 (N.D. Ill. 1987); *Broadcast Music, Inc. v. Niro's Palace, Inc.*, 619 F. Supp. 958, 963 (N.D. Ill. 1985). Among the evidence of a threat of continuing copyright violation is the defendant's testimony of intent to continue to violate copyright laws, *Kowalczyk,* 665 F. Supp. at 658-59, and the defendant's persistence in violating copyrights after receiving oral and written demands to cease, *Broadcast Music,* 619 F. Supp. at 963.

In this case, Plaintiffs have presented no evidence of a substantial threat of continuing copyright violation. They state only, "There is no argument that Hunter persisted in such unlawful conduct — the pendency of the *Fisher Music* is conclusive evidence of that fact." Plaintiffs' reply brief to motion to amend judgment, filed Sept. 5, 1990, at 2. Plaintiffs do not dispute Defendant's assertion that it "has cancelled its future contracts with musician groups for public performance of compositions at Hunter Country Club and has cancelled any Saturday evening and Sunday afternoon dances." Defendant's answer brief to motion to amend judgment, filed Aug. 22, 1990, at 7. Because Plaintiffs have not convinced this court that it is substantially likely that Defendant will continue to violate their copyrights, the court refuses to grant Plaintiffs an injunction.

Appendix E

Motion to Vacate Judgment or Transfer

Defendant asks this court to vacate its judgment of July 17, 1990, and to transfer the action to the Southern District of New York. Defendant argues that its affirmative defenses are derived from a consent decree which the Southern District of New York court entered against ASCAP in 1950. Apparently, Defendant wishes to join ASCAP in the lawsuit because of the alleged difficulty Defendant has experienced in obtaining copyright information from ASCAP.

Defendant has not alleged any facts to rebut this court's earlier finding that Defendant has violated copyrights on Plaintiffs' works. Rather, Defendant argues that ASCAP is the "guilty party" here, and not Defendant. The court rejects Defendant's argument, and accordingly denies Defendant's motion to vacate the judgment.

Further, Defendant has not set forth any reason justifying a transfer of this action to the Southern District of New York. The consent decree involving ASCAP is only peripherally relevant to this action, and does not alter the fact that Defendant violated the copyrights on Plaintiffs' compositions. Therefore, the court denies Defendant's motion to transfer.

CONCLUSION

For the reasons stated, the court denies Plaintiffs' motion to amend the judgment, and also denies Defendant's motion to vacate the judgment or transfer.

Appendix E

ENTER:

s/ Stanley J. Roszkowski
STANLEY J. ROSZKOWSKI, JUDGE
UNITED STATES DISTRICT COURT

DATED: Feb. 12, 1991

Appendix E

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
WESTERN DIVISION

Minute Order Form

Name of Assigned Judge or Magistrate: Stanley J. Roszowski

Case Number: 89 C 20037

Date: 2/12/91

Case Title: Bourne v. Hunter Country Club

DOCKET ENTRY:

The court denies Plaintiffs' motion to amend the judgment, and denies Defendant's motion to vacate the judgment and transfer.

DOCKETED: FEB 13 1991

APPENDIX F — JUDGMENT AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS, WESTERN DIVISION DATED FILED 17, 1990

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
Western Division

CASE NUMBER: 89C 20037

Bourne Company et al

V.

Hunter Country Club, Inc.

JUDGMENT IN A CIVIL CASE

Decision by Court. This action came to trial or hearing before the Court. The issues have been tried or heard and a decision has been rendered.

IT IS ORDERED AND ADJUDGED that plaintiffs' motion for summary judgment for copyright infringement is granted. Plaintiffs are awarded $600.00 per violation for five violations. Total statutory damages awarded equals $3,000.00. Plaintiffs's motion to strike defendant's affirmative defenses and counterclaim is granted.

This cause is hereby dismissed.

July 17, 1990
Date

H. STUART CUNNINGHAM
Clerk

s/ H.R. Cheng
(By) Deputy Clerk

Appendix F

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
WESTERN DIVISION

89 C 20037

BOURNE COMPANY, HENRY MANCINI d/b/a NORTHRIDGE MUSIC COMPANY, SBK ROBBINS CATALOG, INC., HARRISON MUSIC CORP. and COLGEMS-EMI MUSIC, INC.,

Plaintiffs,

v.

HUNTER COUNTRY CLUB, INC.,

Defendant.

MEMORANDUM OPINION AND ORDER

This action comes before the Court on cross-motions for summary judgment and other related motions.[1] For the reasons set forth in the opinion below, this Court finds that plaintiffs have met and adequately shown compliance with the five elements for a *prima facie* case of copyright infringement and, therefore, grants plaintiffs' motion for summary judgment. Further, this Court denies defendant's motion for summary judgment and strikes defendant's affirmative defenses and counterclaims. This Court

1. The following additional motions are related to the parties cross-motions for summary judgment and are currently pending before this Court: (1) plaintiffs' motion to strike defendant's affirmative defense and dismiss the counterclaim against ASCAP; (2) defendant's motion to add ASCAP as a party defendant; (3) defendant's motion to strike the affidavit of Kenneth Gilman.

finds that the 1950 Consent Decree contains specific provisions for contesting the reasonableness of a licensing fee and this Court will not usurp that authority. Further, this Court holds that defendant's motion to join ASCAP as a party to this action is denied and directs that any issues relating to the compliance or non-compliance of ASCAP with any other provisions of the 1950 Amended Consent Decree, which was entered in the Southern District of New York, must be taken up with that court as continuing jurisdiction exists in that district court for purposes of enforcement and amendment of the consent decree.

STATEMENT OF BACKGROUND FACTS

A. Preliminary Rulings

Rule 56 of the Federal Rules of Civil Procedure (hereinafter "Fed. R. Civ. P."), states the following:

> *(b) For Defending Party.* A party against whom a claim, counterclaim, or cross-claim is asserted or a declaratory judgment is sought may, at any time, move with or without supporting affidavits for a summary judgment in the party's favor as to all or any part thereof.
>
> *(c) Motion and Proceedings Thereon.* . . . The judgment sought shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law. . . .

Appendix F

Fed. R. Civ. P. 56(b) and (c). Rule 12 of the General Rules for the United States District Court for the Northern District of Illinois (hereinafter "Local Rules") supplements Rule 56 by requiring the moving party to submit the following:

> With each motion for summary judgment pursuant to Rule 56 of the Federal Rules of Civil Procedure the moving party shall serve and file, in addition to the affidavits (if any) and other materials referred to in Rule 56 and a supporting memorandum of law, a statement of material facts as to which the moving party contends there is no genuine issue and that entitle the moving party to a judgment as a matter of law including a description of the parties and all facts supporting venue and jurisdiction in this Court. That statement shall consist of short numbered paragraphs, including within each paragraph specific references to the affidavits, parts of the record, and other supporting materials relied upon to support the facts set forth in that paragraph. Failure to submit such a statement constitutes grounds for the denial of the motion.

Local Rule 12(1). The local rules also mandate certain filings by non-moving party as follows:

> Each party opposing a Rule 56 motion shall serve and file, together with opposing affidavits (if any) and other materials referred to in Rule 56(e) and a supporting memorandum of law, a concise response to the movant's

> statement. That response shall contain (1) a response to each numbered paragraph in the moving party's statement, including, in the case of any disagreement, specific references to the affidavits, parts of the record, and other supporting materials relied upon, and (2) a statement, consisting of short numbered paragraphs, of any additional facts which require the denial of summary judgment, including references to the affidavits, parts of the record, and other supporting materials relied upon. *All material facts set forth in the statement required of the moving party will be deemed admitted unless controverted by the statement of the opposing party.*

Local Rule 12(m) (emphasis added).

In the instant case, the defendant filed its motion for summary judgment on August 22, 1990. As required by the Local Rules, the defendant concurrently filed a supporting memorandum of law. Incorporated within that brief in support of their motion for summary judgment, plaintiffs included a section entitled "Statement of Facts" consisting of numbered paragraphs with specific references to affidavits and deposition testimony. While the exact letter of Rule 12(1) may not have been adhered to, this Court believes that at least the spirit of Rule 12(1) has been satisfied and this section "Statement of Facts" is consistent with Rule 12(1) and will hereafter be referred to for purposes of this summary judgment motion as Plaintiff's Rule 12(1) Statement.

Defendant, in response to Plaintiff's Rule 12(1) Statement, submitted a Reply to Plaintiff's Rule 12(1) Statement of Material

Facts. Defendant's Reply appears to comply with the intent of Local Rule 12(m) and this Court will treat and hereafter refer to defendant's reply as Defendant's Rule 12(m) Statement.

In Defendant's Rule 12(m) Statement, defendant specifically states that "[t]he facts relied upon by Plaintiffs are immaterial because Plaintiffs and ASCAP are estopped from asserting them by the facts alleged in this paragraph 2." Defendant's Rule 12(m) Statement at ¶ 2. However, pursuant to Local Rule 12(m), defendant's failure to deny any of the factual allegations contained in Plaintiffs' Rule 12(1) Statement mandates that this Court admit those facts. Therefore, that portion of the recitation of facts dealing with undisputed facts is primarily drawn from Plaintiffs' Rule 12(1) Statement. The remainder of this Court's recitation of facts simply recites those facts which are in dispute.

B. Statement of Facts

Plaintiffs bring the instant action pursuant to 17 U.S.C. §§ 502(a),[2] 504(c)(1)[3] and 505.[4] The plaintiffs in this action are

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2. Section 502(a) of the Copyright Act provides for the issuance of a temporary or permanent injunction as follows:

> (a) Any court having jurisdiction of a civil action arising under this title may, subject to the provisions of section 1498 of title 28, grant temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright.

17 U.S.C. § 502(a).

3. The Copyright Act provides for the following damages:

(Cont'd)

members of the American Society of Composers, Authors and Publishers (hereinafter "ASCAP") who have all granted to ASCAP a non-exclusive right to license non-dramatic public performances of certain copyrighted musical compositions. Plaintiffs' Rule 12(1) Statement at ¶ 1. Plaintiffs' own valid copyrights to the following songs involved in the instant action: "All of Me," "Mr. Lucky," "Somebody Stole My Gal," "Don't Get Around Much Anymore" and "(I Left My Heart) In San Francisco."

(Cont'd)

> Except as otherwise provided by clause (2) of this subsection, the copyright owner may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action, with respect to any one work, for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally, in a sum of not less than $250 or more than $10,000 as the court considers just. For the purposes of this subsection, all the parts of a compilation or derivative work constitute one work.

17 U.S.C. § 504(c)(1).

4. Section 505, dealing with attorney's fees and costs, provides for the following:

> In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

17 U.S.C. § 505.

Appendix F

The defendant, Hunter Country Club, Inc., is a "semi-public" country club whose dining room is open to the public. Hunter Country Club presents live entertainment in its dining room on Friday nights and Sundays.[5]

Since November, 1985, ASCAP representatives have, on numerous occasions, written to Hunter Country Club to offer an ASCAP license and Hunter Country Club has declined all such offers.

II. DISCUSSION

The Court will not grant any summary judgment motion unless all of the pleadings and supporting documents, if any, indicate that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law. *Fed. R. Civ. P.* 56(c); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 106 S. Ct. 2505, 2513, 91 L. Ed. 2d 202 (1986); *Fitzsimmons v. Best*, 528 F.2d 692, 694 (7th Cir. 1976).

The initial burden is on the moving party to demonstrate that there is no genuine issue or question of material fact in dispute. *Rose v. Bridgeport Brass Company*, 487 F.2d 804, 808 (7th Cir. 1973). Once the moving party has stated that a fact is not in question, the burden shifts to the non-moving party to demonstrate that there is some question of fact or to contradict the fact and bring it into question. *Celotex Corp. v. Catrett*, 477 U.S. 317, 106 S. Ct. 2548, 2553, 91 L. Ed. 2d 265 (1986).

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5. Apparently, defendant has live entertainment for a Sunday brunch from 9:00 a.m. until about 2:30 p.m., and for afternoon dancing from 3:30 p.m. until about 6:30 p.m.

Appendix F

Plaintiffs represent to the Court in their motion for summary judgment that "[s]ince November 1985, ASCAP representatives have, on numerous occasions, written to Hunter to offer an ASCAP license for the Hunter Country Club, and Hunter has declined all such offers." Plaintiffs' Rule 12(1) Statement at ¶ 5. In response, defendant sets before this Court a series of correspondences which defendant argues indicate that plaintiffs were in violation of the amended consent decree entered in the case of *United States of America v. The American Society of Composers, Authors and Publishers,* No. 13-95 (S.D.N.Y. March 14, 1950) reported in 185 Trade Reg. Rep. (CCH) ¶ 62,595 (S.D.N.Y. March 14, 1950).

In order for plaintiffs to succeed, plaintiffs must prove the following elements of a *prima facie* case: (1) the originality and authorship of the works involved; (2) compliance with the formalities of federal copyright law; (3) rightful proprietorship of the copyrights at issue; (4) that the copyrighted works were performed publicly for profit; and (5) a lack of authorization by the owner or the owner's representative for the alleged infringer to publicly perform the works. *Hulex Music v. Santy,* 698 F. Supp. 1024 (D.N.H. 1988); *Broadcast Music v. Fox Amusement Co.,* 551 F. Supp. 104, 107 (N.D. Ill. 1982).

There is an old story which teaches that if you bring five attorneys together and ask them one question, you will receive ten different answers. In this case, the attorneys cannot even agree on what the proper question is. Plaintiffs suggest that this Court limit the scope of its inquiry to whether the plaintiffs have adequately shown the five *prima facie* elements as set forth above; defendant, on the other hand, ask this Court to limit its inquiry to whether plaintiffs have violated any portion of the 1950 Amended Consent Decree. As will be discussed later, this Court will limit its inquiry for summary judgment purposes to whether plaintiffs have proven the *prima facie* elements of copyright infringement.

Appendix F

A. Plaintiffs' Prima Facie Case

Plaintiffs correctly enumerate the five *prima facie* elements essential to prove a copyright infringement, which are set forth above. Defendant's does not contest plaintiffs' compliance with these elements. Defendant's failure to contest compliance with those elements is evidenced by defendant's failure to respond to the pertinent factual elements regarding compliance contained in plaintiffs' Statement of Uncontested Facts. Therefore, for purposes of this summary judgment motion, this court finds that the generally accepted requisite elements for a *prima facie* case of copyright infringement have been met.

For these reasons, this Court grants summary judgment in favor of plaintiffs Bourne Co., Henry Mancini d/b/a Northridge Music Company, SBK Robbins Catalog, Inc., Harrison Music Corp. and Colgems-EMI Music, Inc. and against defendant Hunter Country Club, Inc.

However, defendant has interposed numerous affirmative defenses and a counterclaim ostensibly against plaintiffs; these affirmative defenses and the counterclaim, however, are really directed to ASCAP. For the reasons enunciated below, this Court denies defendant's invitation to join ASCAP as a party and strikes defendant's affirmative defenses and counterclaim.

B. Joinder of ASCAP as a Party

Defendant urges this Court to join ASCAP as a party to this litigation.[6] However, the law appears clear that joinder is inappropriate in this case.

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6. Defendant states that this Court has already granted leave for defendant to

(Cont'd)

Appendix F

In *Hulex Music v. Santy*, 698 F. Supp. 1024 (D.N.H. 1988), the district court stated the following:

> The fact that ASCAP may or may not "control" this litigation does not provide a basis for making ASCAP a party. A copyright infringement action may only be brought by the "legal or beneficial owner" of a copyright, and joinder or intervention is limited to persons "having or claiming an interest in the copyright." 17 U.S.C. § 501(b). Herein, ASCAP is merely the licensing agent of each plaintiff; it is neither the legal nor the beneficial owner of the copyrights at issue, and neither has nor claims an interest in those copyrights. Accordingly, joinder of ASCAP is inappropriate either permissively or as an indispensable or necessary party. *See* Rules 19 and 20, Fed. R. Civ. P.; *see also, e.g., Hulex Music v. C.F. Maint. & Prop. Mgmt.*, 115 F.R.D. 303, 304 (D. Neb. 1987) (citing *Famous Music Corp v. Maholias*, 53 F.R.D. 364, 375 (E.D. Wis. 1971).

(Cont'd)
join ASCAP as a party. In reviewing the Minute Order dated June 7, 1989, the Court stated that "[p]laintiffs are granted leave to file an amended answer and to join ASCAP as party defendant by June 14, 1989." It appears that all this Court did by that Minute Order was grant plaintiffs the opportunity to join ASCAP as a party defendant should plaintiffs so choose. Defendant may argue that the language in that Order was merely a clerical error. Notwithstanding any of the above, whether granting plaintiffs leave to join ASCAP as a party was a mistake or not, this Court vacates the portion of that Order allowing ASCAP to be joined as a party to this litigation.

Hulex Music, 698 F. Supp. at 1029.

Defendants have not cited this Court to any cases which stand for the principle that ASCAP should be joined under the instant circumstances. The only citation given this Court in support of defendant's motion is a citation to a case which stands for the general proposition that this Court has the authority to base decisions on equitable principles. This Court does not believe that the equities of the case mandate joinder of ASCAP. This case has been brought by individual copyright owners on their own behalf. ASCAP is merely an association of those individual copyright owners. While ASCAP does have certain responsibilities pursuant to the Amended Consent Decree, the existence of the Amended Consent Decree does not automatically qualify every copyright infringement defendant to join ASCAP in order to litigate its conduct or reinterpret that Amended Consent Decree. As this Court holds below, questions and issues relating to interpretation of or compliance with the Amended Consent Decree are matters which should be taken up before the Southern District of New York. Defendant's motion to add ASCAP as a party to this litigation is, therefore, denied.

C. Defendant's Affirmative Defenses

Defendant, for its part, asserts that affirmative conduct, mandated by the 1950 Consent Decree entered in the case of *United States of America v. The American Society of Composers, Authors and Publishers*, No. 13-95 (S.D.N.Y. March 14, 1950), has not been complied with and plaintiffs are, therefore, estopped from obtaining judgment in this case. Defendant asserts non-compliance with specific portions of the 1950 Consent Decree.

Appendix F

1. Paragraph VIII of the 1950 Amended Consent Decree

Defendant asserts that plaintiffs failed to comply with ¶ VIII of the 1950 Amended Consent Decree[7] by failing to use their best efforts to negotiate a reasonable fee for a license with Hunter Country Club. However, defendant has apparently failed to recognize that the 1950 Amended Consent Decree specifically addresses the failure on the part of ASCAP to negotiate a reasonable fee. Paragraph IX of the Amended Consent Decree[8]

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7. Paragraph VIII of the 1950 Amended Consent Decree states as follows:

> Defendant ASCAP, in fixing its fees for the licensing of compositions in the ASCAP repertory, is hereby ordered and directed to use its best efforts to avoid any discrimination among the respective fees fixed for the various types of licenses which would deprive the licensees of a genuine choice from among such various types of licenses.

United States v. The American Society of Composers, Authors and Publishers, No. 13-95 (S.D.N.Y. March 14, 1950) reported in 185 Trade Reg. Rep. (CCH) ¶ 62,595 (S.D.N.Y. March 14, 1950).

8. Paragraph IX of the Amended Consent Decree states that

> (A) Defendant ASCAP shall, upon receipt of a written application for a license for the right of public performance of any, some or all of the compositions in the ASCAP repertory, advise the applicant in writing of the fee which it deems reasonable for the license requested. If the parties are unable to agree upon a reasonable fee within sixty (60) days from the date when such application is received by ASCAP, the applicant

(Cont'd)

specifically provides that when a disagreement as to the reasonableness of a license fee occurs, it is incumbent on the applicant to petition the Southern District of New York for a determination of the reasonableness of the fee requested by ASCAP.

It is the holding of this Court that the provisions for resolving fee disputes between ASCAP and an applicant (found in ¶ VIII of the 1950 Amended Consent Decree) is the exclusive remedy afforded an unsatisfied license applicant. That much is certainly clear on the face of the Amended Consent Decree and this Court is unwilling to rule otherwise.

(Cont'd)

> therefor may forthwith apply to this Court for the determination of a reasonable fee and ASCAP, shall, upon receipt of notice of the filing of such an application, promptly give notice thereof to the Attorney General. In any such proceeding the burden of proof shall be on ASCAP to establish the reasonableness of the fee requested by it. Pending the completion of any such negotiations or proceedings, the applicant shall have the right to use any, some or all of the compositions in the ASCAP repertory to which its application pertains, without payment of any fee or other compensation, but subject to the provisions of Subsection (B) hereof, and to the final order or judgment entered by this Court in such proceeding.

United States v. The American Society of Composers Authors and Publishers, No. 13-95 (S.D.N.Y. March 14, 1950) reported in 185 Trade Reg. Rep. (CCH) ¶ 62,595, 62,754 (S.D.N.Y. March 14, 1950).

Appendix F

2. Paragraph XIV of the 1950 Amended Consent Decree

Defendant maintains that plaintiff failed to "prepare and maintain a list of all compositions in ASCAP's repertoire and include thereon the dates of copyright registration and to make the same available for inspection" in derogation of ¶ XIV of the 1950 Amended Consent Decree.[9] Paragraph XIV basically charges ASCAP with two responsibilities. First, ASCAP must respond to written requests regarding whether particular compositions are in the ASCAP repertoire and second, ASCAP must prepare and maintain a current list of its protected compositions and make that list available for inspection.

As to the first requirement, defendant alleges that ASCAP has failed to comply with this provision. Defendant cites to a letter

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9. Paragraph XIV of the 1950 Amended Consent Decree states the following:

> Immediately following entry of this Judgment, defendant ASCAP shall upon written request from any prospective user inform such user whether any compositions specified in such request are in the ASCAP repertoire, and make available for public inspection such information as to the ASCAP repertoire as it has. Defendant ASCAP is furthermore ordered and directed to prepare within two years, and to maintain and keep current and make available for inspection during regular office hours, a list of all musical compositions in the ASCAP repertoire, which list will show the title, date of copyright and the author, composer and current publisher of each composition.

United States v. The American Society of Composers, Authors and Publishers, No. 13-95 (S.D.N.Y. March 14, 1950) reported in 185 Trade Reg. Rep. (CCH) ¶ 62,595 (S.D.N.Y. March 14, 1950).

dated July 7, 1987, which inquired whether 11 specified songs were included in ASCAP's repertoire. Defendant does admit that ASCAP responded by letter dated March 14, 1988. The question of whether the delay of over eight months in responding to defendant's specific requests constitutes a violation of the 1950 Consent Decree is an interesting academic question. However, whether ASCAP has sufficiently complied with the terms of the 1950 Amended Consent Decree does not appear to present an issue with respect to the current litigation. Whether ASCAP's eight month delay is, *per se*, a violation of ¶ XIV of the 1950 Amended Consent Decree is more properly directed to an action in the Southern District of New York for compliance with the terms of that court's consent decree. Considerations of comity persuade this Court that it is not efficient or proper for this Court to rule on interpretive matters with regard to the consent decree and declines the defendant's invitation to do so.

Defendant further alleges that ASCAP has never made the list ordered to be compiled in ¶ XIV of the Amended Consent Decree. Plaintiffs never deny that particular allegation. This Court, however, is likewise persuaded that an action by the defendant brought in the Southern District of New York against ASCAP is the proper forum for resolution of those issues.

D. Plaintiffs' Motion for Injunctive Relief

Plaintiffs have moved this Court to enjoin defendant from playing or using any material contained on ASCAP's repertory list. This Court believes that plaintiffs must choose their position and live with it. In this action, plaintiffs have consistently and vigorously argued that ASCAP should not be a party to this litigation. Therefore, plaintiffs cannot have it both ways by then urging this Court to essentially issue injunctive relief to a non-

party. If, in fact, as this Court has held today, ASCAP is not a proper party for joinder in this action, this Court will not enter injunctive relief on ASCAP's behalf. The relief plaintiffs seek by way of this injunction is properly brought by the copyright holders for infringement. Plaintiffs' motion for injunctive relief is, therefore, denied.

III. REMEDY

Applicable copyright law provides for statutory damages pursuant to 17 U.S.C. § 504(c)(1). Section 504(c)(1) provides that

> the copyright owner may elect . . . to recover, instead of actual damages and profits, an award of statutory damages . . . in a sum of not less that $250 or more than $10,000 as the court considers just.

17 U.S.C. § 504(c)(1). Plaintiffs have chosen not to pursue actual damages and have, instead, elected to allow this Court, in its discretion, to award statutory damages. Plaintiffs have requested that this Court assess those statutory damages in the amount of $1,500.00 for each infraction. Plaintiffs submit that an award of less than $1,500.00 for each violation would ignore the deterrent value of statutory damages.

This Court agrees with plaintiffs that statutory damage awards are intended, in some part, to serve deterrent purposes. However, while this Court agrees with plaintiffs that any interpretation of the 1950 Amended Consent Decree must be pursued in the Southern District of New York, this Court is also mindful of the eight-month delay in having inquiries answered by plaintiffs' licensing agent, ASCAP, as documented by defendant, which inquiries were made

pursuant to ¶ XIV of the 1950 Amended Consent Decree. This Court will not interpret the Amended Consent Decree, but neither will this Court allow the provisions contained therein to be flaunted by plaintiffs' licensing agent with impunity.

Therefore, this Court grants plaintiffs statutory damages in the amount of $600.00 per violation. Plaintiff has pled and proven five copyright violations, therefore, plaintiff is entitled to total damages in the amount of $3,000.00. In addition, plaintiffs have requested an award of reasonable attorney's fees pursuant to 17 U.S.C. § 505.[10] This Court will grant reasonable attorney's fees to the plaintiffs as the prevailing party and orders the plaintiffs to submit a fee petition to this Court on or before August 9, 1990. Defendant will be given an opportunity to reply on or before August 30, 1990.

IV. CONCLUSION

For the reasons set forth in the foregoing opinion, this Court finds that plaintiffs have adequately shown compliance with the five elements for a *prima facie* of copyright infringement. Therefore, plaintiffs' motion for summary judgment is hereby granted. Plaintiff is granted damages in the amount of $600.00 per

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10. The applicable statute states as follows:

> In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or any officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

17 U.S.C. § 505.

violation for five violations, total damages are awarded to plaintiff in the amount of $3,000.00.

Further, this Court denies defendant's motion for summary judgment and strikes defendant's affirmative defenses relating to Paragraph VIII of the 1950 Amended Consent Decree as Paragraph VIII provides no affirmative defense at all because specific conduct is mandated by the defendant in contesting the reasonableness of plaintiffs' fee.

Finally, this Court denies plaintiffs' motion for injunctive relief as ASCAP is not a party to this litigation and no injunctive relief will be afforded to ASCAP.

ENTER:

s/ Stanley J. Roszkowski
STANLEY J. ROSZKOWSKI, JUDGE
UNITED STATES DISTRICT COURT

DATED: July 17, 1990

Appendix F

UNITED STATES DISTRICT COURT,
NORTHERN DISTRICT OF ILLINOIS,
WESTERN DIVISION

Minute Order Form

Name of Assigned Judge or Magistrate: Stanley J. Roszkowski

Case Number: 89 C 20037

Date: July 17, 1990

Case Title: Bourne v. Hunter Country Club

MOTION:

Cross-motions for summary judgment.
Defendant's motion to add ASCAP as a party.
Plaintiff's motion to strike defendant's affirmative defenses.

DOCKET ENTRY:

Plaintiffs' motion for summary judgment for copyright infringement is hereby granted. Plaintiffs are awarded $600.00 per violation for five violations. Total statutory damages awarded equals $3,000.00. Defendant's motion to add ASCAP as a party is denied. Plaintiffs' motion to strike defendant's affirmative defenses and counterclaim is granted.

s/ Stanley J. Roszkowski

DOCKETED: JUL 18 1990

APPENDIX G — ASCAP LITERATURE

ASCAP

American Society of Composers, Authors & Publishers

THE ASCAP LICENSE: IT WORKS FOR YOU

How ASCAP Licenses

Music users need licenses before they perform our members music. When a user fails to apply for a license, we advise of the need for a license and the applicable license fee. Almost all establishments then become licensed, since their owners recognize that composers are entitled to be paid and because of their potential liability if they infringe under the Copyright Law. Relatively few refuse a license and persist in rendering illegal, infringing performances. They are subject to suit for copyright infringement in Federal Court.

Violations of the Copyright Law are expensive. The law provides for an injunction prohibiting further infringements, damages of not less than $250 nor more than $50,000 for each song infringed, plus court costs and, in the court's discretion, a reasonable attorney's fee. Obviously, it is far less expensive to comply with the Copyright Law by taking an ASCAP license than to pay damages for infringing the law.

ASCAP's rates are reasonable and nondiscriminatory. The rate for an establishment such as yours (the same rate applies for all other similarly situated licenses) is based on a number of objective factors, which we'll be glad to explain. These facts work to prevent any discrimination or inequality. If, after you have considered the rate we propose, you think it is unreasonable, you have the right to apply to the United States District Court for the

Southern District of New York to determine a reasonable rate.

You don't have to use ASCAP's bulk-licensing system. Our members give us only a non-exclusive right to license all their copyrighted musical works and you are free to contact each member yourself to negotiate a license for each work you wish to perform. For establishments like yours, where many different compositions written and published by many different members are performed, the cost of obtaining individual licenses would far exceed the cost of an ASCAP license. Music users like you take ASCAP licenses because they are much cheaper and vastly less time-consuming than dealing with individual members, and because an ASCAP license enables one to perform any song in the ASCAP repertory non-dramatically without violating the Copyright Law.

A complete list of the many musical works written and published by ASCAP's members is maintained at our New York office. New works of every type are written and added to the repertory daily. Therefore, any published list can only be as up-to-date as the day it was published. ASCAP's representatives can furnish information about the works in our repertory, and if you wish to know whether particular compositions are in the repertory; simply write and we'll tell you.

Thousands of businesses such as yours have found it most economical and efficient to comply with the Copyright Law by securing a single bulk license from a clearinghouse in performing rights. ASCAP is exactly and simply that. Our only activity is licensing the right to perform our members' copyrighted musical works, and we shall be glad to answer any questions you may have about our repertory or licensing procedures.

We hope to be able to serve you.

Supreme Court, U.S.
FILED
SEP 17 1993
OFFICE OF THE CLERK

No. 93-273

IN THE

Supreme Court of the United States

October Term, 1993

HUNTER COUNTRY CLUB, INC.,

Petitioner,

v.

BOURNE CO., *et al.*,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

RESPONDENTS' BRIEF IN OPPOSITION

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-and-

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Attorneys for Respondents

RICHARD H. REIMER

Of Counsel

BEST AVAILABLE COPY

QUESTION PRESENTED

Five copyright owners, all of them members of ASCAP, the music copyright licensing organization, brought this copyright infringement action. Defendant admitted infringement but pleaded defenses of estoppel and copyright misuse, based on certain ASCAP conduct.

Did the Court of Appeals properly determine that the alleged conduct did not support either defense nor did it establish any violation of ASCAP's consent decree?

RULE 29.1 STATEMENT

Respondents are Gerald Marks, Henry Mancini, d/b/a Northridge Music Co., SBK Robbins Catalog, Inc., Harrison Music Corp., and Colgems-EMI Music, Inc. The District Court granted Mr. Marks' motion to be substituted as a party for Bourne Co., the company whose name still appears in the caption.

The parent company of SBK Robbins Catalog, Inc. and Colgems-EMI Music, Inc. is Thorn-EMI, Plc. Respondents have no other parent companies or subsidiaries.

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ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

RESPONDENTS' BRIEF IN OPPOSITION

STATEMENT OF THE CASE

The Parties[1/]

Respondents are copyright owners who brought an action seeking relief under the Copyright Law, 17 U.S.C. §§ 101, 106(4), 501(a), 502(a), 504(c) and 505, for unauthorized public performances of their copyrighted musical works.

Each respondent is a member of the American Society of Composers, Authors and Publishers ("ASCAP"), a performing

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1/ This description of the parties is taken from the District Court's recitation of the facts. [The District Court's Memorandum Opinion and Order, dated July 17, 1990, is Appendix F to the petition for a writ of certiorari.]

rights licensing organization that licenses, on behalf of its members, nondramatic public performances of their copyrighted musical works. ASCAP's licensing activities are largely governed by a consent decree in *United States v. ASCAP*, [1950-51] Trade Cas. (CCH) ¶ 62,595 (S.D.N.Y. 1950).[2/] Under Section XVII of this decree, the district court retains jurisdiction to ensure compliance and for other purposes.

Petitioner Hunter Country Club, Inc. ("Hunter") owns and operates a country club that is open to the public and presents live musical entertainment in its dining room.

Pre-Litigation Dealings between ASCAP and Hunter

Beginning in November 1985, ASCAP representatives sought to persuade Hunter to accept an ASCAP license which would authorize performance by Hunter's entertainers of all of the copyrighted works in ASCAP's repertory. Hunter refused. In lengthy correspondence, Hunter sought to impose on ASCAP two impossible burdens: to *deliver* to Hunter a complete list of works in ASCAP's repertory—a repertory which automatically increases daily as writers around the world lift pens from paper—and to identify to Hunter all works that once were in ASCAP's repertory but now are in the public domain.

Hunter relied on its own construction of Section XIV of the ASCAP consent decree, which provides in pertinent part:

> Defendant ASCAP is furthermore ordered and directed to . . . maintain and keep current and *make available for inspection during regular office hours, a list* of all musical compositions in the

---

[2/] This Court, per Justice White, reviewed much of the history of ASCAP's antitrust experience and several key provisions of the consent decree in *Broadcast Music, Inc. v. Columbia Broadcasting System, Inc.*, 441 U.S. 1 (1979).

> ASCAP repertory, which list will show the title, date of copyright and the author, composer and current publisher of each composition. (Emphasis added)

This language obligates ASCAP to maintain certain information *at its offices*. To Hunter, this provision required ASCAP to deliver to Hunter a computerized list of all of the millions of copyrighted works in the ASCAP repertory, with the date of copyright of each work. ASCAP disagreed.

Eventually, two independent investigators engaged by ASCAP visited the Hunter Country Club on July 22, 1988, and heard performances of the respondents' songs. This litigation ensued.

Prior and Related Proceedings

The District Court

Hunter did not contest any of the facts in respondents' affidavits supporting their motion for summary judgment. As the District Court noted:

> In Defendant's [Local] Rule 12(m) Statement, defendant specifically states that "[t]he facts relied upon by Plaintiffs are immaterial because Plaintiffs and ASCAP are estopped from asserting them by the facts alleged in this paragraph 2."

Appendix F at 31a.

In consequence, the District Court had only to consider Hunter's affirmative defenses and counterclaims. This alleged conduct by ASCAP, said Hunter, violated the ASCAP consent decree and estopped respondents from obtaining judgment. The District Court granted summary judgment for respondents, holding that neither defenses nor counterclaims could be sustained. The

District Court awarded respondents statutory damages of $3,000 ($600 per infringement) and costs, including attorneys' fees of $18,415.85.[3]

The Court of Appeals

Hunter asked the Court of Appeals to reverse on the grounds that it was error not to join ASCAP as a party,[4] that ASCAP's conduct estopped prosecution of these infringement claims, and that ASCAP had violated Section XIV of the ASCAP consent decree. Rejecting the estoppel defense, the Court of Appeals concluded:

> Our review of the correspondence between ASCAP and Hunter's counsel indicates that ASCAP did nothing that would cause Hunter to reasonably rely to its detriment. To the contrary, we find several indications and warnings that any performance of copyrighted works would be considered infringement. Thus, without any basis for reasonable reliance, estoppel is inapplicable here.

Appendix B to the petition for certiorari, at 8a.

Similarly, the Court of Appeals rejected Hunter's invitation to interpret Section XIV of the ASCAP consent decree:

> With regard to the district court's refusal to decide whether ASCAP has complied with ¶ XIV of the Amended Consent Decree (ordering ASCAP to maintain a list of all compositions in its repertoire), we find no error in its decision that the Southern District of New York is the proper forum for resolution of this issue. . . . Neither we nor the

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[3] Order of July 10, 1991, Appendix C.

[4] The petition for a writ of certiorari is silent with respect to this issue, so we need not discuss the point further.

> district court for the Northern District of Illinois are in a position to determine what the Southern District of New York meant when it ordered ASCAP to maintain a list of its repertoire.

Id. at 9a.

In consequence, the Court of Appeals agreed with the District Court that there were no genuine issues of material fact to be tried and respondents were entitled to summary judgment. *Id.* at 10a.

Related Proceedings in the Southern District of New York

Hunter advises this Court that it "has filed its antitrust action [against ASCAP] in New York which is pending waiting for the decision of this case." Petition for certiorari, at 11. In addition to this plenary antitrust action, Hunter has also filed an application for determination of a reasonable license fee under Section IX of the ASCAP consent decree. The latter proceeding is in the consent decree court, where the issue of the precise meaning of the language of Section XIV may be raised.

On this record, and for the reasons stated below, the petition should be denied.

REASONS FOR DENYING THE WRIT

I.

The Decision of the Court below Presents No Question of General Importance Warranting Review by this Court

The decision below does no violence to established precedents, and decides no novel, general or important legal issue. To the extent that Hunter claimed certain acts of ASCAP violated ASCAP's consent decree, the courts below examined the facts

underlying the claims, found that they did not warrant estoppel or support a finding of misuse, and held that whether there was *any* violation of the consent decree was a question for the consent decree court.

II.

The Decision below Does Not Conflict with Decisions of Other Circuits

Contrary to Hunter's assertion, the decision below reflects no conflict (or, in Hunter's words, a "split" or "confusion") among the circuit courts, either with respect to the defense of copyright misuse generally, or as to ASCAP's conduct specifically. Circuits have occasionally discussed the question of copyright misuse, but only one circuit, the Fourth, has ever sustained the defense and that was in circumstances wholly remote from the facts at bar.[5] In *Lasercomb America, Inc. v. Reynolds*, 911 F.2d 970 (4th Cir. 1990), the copyright owner sought to use the copyright license to forbid competition and ran the license for 99 years, far beyond the term of any copyright.[6]

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[5] See *Atari Games Corp. v. Nintendo of America Inc.*, 975 F.2d 832, 845-846 (9th Cir. 1992), for analysis of the defense and citations of the many circuit court rejections of the defense.

[6] In its Order dated March 4, 1991, the District Court determined that

> ...Defendant has not presented sufficient evidence of Plaintiffs' alleged "misuse of copyright". Therefore, the case Defendant cites in its supplemental briefs, *Lasercomb America, Inc.* v. *Reynolds*, 911 F.2d 970 (4th Cir. 1990) does not alter this court's earlier rulings.

Appendix D at 19a.

It is true that, in responding to Hunter's sole request for information as to whether specific songs were in the ASCAP repertory, ASCAP's response was unduly delayed and inaccurate as to one song, "Alexander's

(continued...)

As to estoppel, the circuit courts have had no trouble in deciding whether ASCAP's conduct in dealing with music users has been deficient to the point of invoking equitable estoppel to bar recovery for copyright infringement. *Compare Famous Music Corp. v. Bay State Harness Horse Racing & Breeding Ass'n*, 554 F.2d 1213 (1st Cir. 1977) (ASCAP not required to provide list of all ASCAP compositions provided user is advised that he may ask ASCAP whether specific songs are in ASCAP repertory, as prescribed by Section XIV of consent decree) *with Tempo Music, Inc. v. Myers*, 407 F.2d 503 (4th Cir. 1969) (ASCAP's failure to advise music user of this ASCAP service bars recovery for copyright infringement).[7/]

[6/](...continued)
Ragtime Band." That copyright had expired six months before the inquiry was made and the error in failing to note that fact was an oversight. More importantly, that song is not involved in this case and there is no proof that ASCAP or any member ever asserted a claim against Hunter or anyone else on the basis of performance of a song in the public domain. Finally, the District Court expressly took account of ASCAP's delay in responding to Hunter's inquiry when it reduced the damage award below what respondents were seeking.

[7/] Other cases in which courts have rejected estoppel or misuse defenses predicated on perceived improprieties on ASCAP's part include *Leo Feist, Inc. v. Young*, 138 F.2d 972, 975-976 (7th Cir. 1943) (nothing objectionable in filing infringement action to compel defendant to obtain ASCAP license); *Blendingwell Music, Inc. v. Moor-Law, Inc.*, 612 F. Supp. 474, 483-485 (D. Del. 1985) (rejecting misuse and antitrust defenses and counterclaims aimed at ASCAP blanket license, court observed it was particularly inappropriate to charge ASCAP's members with copyright misuse: "[E]ven if ASCAP has misused its non-exclusive license from copyright owners, it is not clear why plaintiffs who are members of ASCAP cannot enforce their exclusive rights to their copyright. The defendants have not alleged that any of the individual plaintiffs refused their request for a license and even if they had, it is hard to see how a unilateral refusal to license a copyright could constitute misuse; a copyright entails the right to refuse to license."); and *Billy Steinberg Music v. Cagney's Pub, Inc.*, 9 U.S.P.Q.2d 1749, 1750 (N.D. Ill. 1988)
(continued...)

There is yet one additional, important reason why this Court should decline Hunter's invitation to construe Section XIV of the consent decree. This is a task that should surely first be performed by the court that entered the decree. Thus, the task will fall to Judge Conner of the Southern District of New York, before whom Hunter's application to determine a reasonable fee for an ASCAP license is now pending.

* * *

Like countless other infringers, Hunter bet on a long shot—that it could persuade the courts below that ASCAP's foot had slipped and Hunter's piracy ought to be rewarded by a free license. Hunter lost.

At bottom, the decision below is no more than an affirmation of the principle enunciated by this Court in *Broadcast Music, Inc. v. Columbia Broadcasting System, Inc.*:

> . . . Those who would use copyrighted music in public performances must secure consent from the copyright owner or be liable at least for the statutory damages for each infringement and, if the conduct is willful and for the purpose of financial gain, to criminal penalties.

441 U.S. at 19.

[2/](...continued)
("The request for a complete list of [songs in the ASCAP repertory] ... smacks of gamesmanship.")

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted,

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